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November 6, 2002

J. Tyler Carlson
Western Area Power Administration
Desert Southwest Regional Manager
P.O. Box 6457
Phoenix, AZ 85005

Re: Gila River Indian Community Utility Authority Comments on Parker-Davis Project – Extension of Electric Power Resource Commitments by Application of the Energy Planning and Management Program Power Marketing Initiative

Dear Mr. Carlson:

The Gila River Indian Community Utility Authority (GRICUA), on behalf of the Gila River Indian Community, provides the attached comments regarding the proposed extension of electric power resource commitments of the Parker-Davis Project. In so doing, the Community is expressing its interest in applying for power from the Project should it become available.

Thank you for this opportunity.

Sincerely,

Amy T. Mignella
Legal Counsel
Gila River Indian Community Utility Authority

The Gila River Indian Community (Community) supports applying the Power Marketing Initiative (PMI) to the Parker-Davis Project (PDP), including a proposal to reserve a percentage of resources previously extended to existing PDP customers in order to create a resource pool for new customers and Native American tribes located within the PDP service area.

The Community supports a single increment resource pool reserve of 12% or 29,102 kW. This pool is consistent with Western's requirement that any resource pool creation be "modest" in size. The larger pool is necessary because the 6% pool proposed by Western will likely result in some allocations that are so small (substantially less than 1 MW per customer) that they become almost insignificant. In these cases, pricing benefits of the power will likely disappear due to administrative costs and transmission system losses. In addition, the larger set aside is needed to help remedy Western's failure to meet its goal of allocating power that approximates 65% of the eligible load of qualifying Native American applicants through the Salt Lake City Area Integrated Projects allocation process; on average, only 50-55% of those applicants' loads were met. Many of these tribes are also located within the PDP service area.

The Community supports creation of the pool from the non-withdrawable power portion of the Project's generation. Allocating withdrawable power only extends the energy planning uncertainties of the Community, which has only recently initiated a comprehensive energy planning effort through creation of its own tribal utility.

The Community supports paying a pro rata share of monies advanced by the existing customers for undepreciated replacement costs but not in a lump sum manner. Because Western has not disclosed the dollar total of the advances that would need to be repaid, the Community supports this repayment only on the condition that Western apportions the repayment over a period of time that avoids the creation of any significant financial burden for Native American applicants.

It is the Community's understanding that other parties are in favor of withdrawing PDP allocations in cases where the current customers do not meet "preference" requirements. In the event that Western makes corrections of this type in the PDP remarketing, power made available should be added to the resource pool. If completed, Western should also separate utility provider allocations from those extended to Native American applicants so that the two are not tallied together. In Western's other marketing processes in which resources have been made available to Native American tribes, Western imposed allocation reductions on many tribal applicants in an effort to avoid "double counting" preference benefits. In so doing, Western stated that it was not willing to adjust allocations to providing utilities in any fashion other than the flat percentage reductions needed to create the new customer pool. In the event of withdrawals because of "preference" status failures, however, Western will have already made specific adjustments to its existing customer allocations and, as such, can no longer argue against also adjusting these allocations for other fairness reasons.

Furthermore, the small size of the pool and resulting individual allocations are such that a "provider-share" portion will be so diluted that it will basically be lost. And, as has been argued in other Western remarketing efforts, this process creates windfalls for providing utilities who are not required to divest of an appropriate portion of their preference allocations when their tribal customers establish their own serving utilities or obtain service from a different non-tribal provider. For these reasons, Western should abandon the provider-share adjustment calculation in the PDP remarketing process.